

Commission approves €199.45 million Italian support to compensate Alitalia for damages suffered due to coronavirus outbreak

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The European Commission has found Italian €199.45 million support in favour of Alitalia to be in line with EU State aid rules.

The measure aims at compensating the airline for the damages suffered due to the coronavirus outbreak.

Executive Vice-President Margrethe Vestager, in charge of competition policy, said: "This measure will enable Italy to compensate Alitalia for the damage directly suffered due to the travel restrictions necessary to limit the spread of the coronavirus. The aviation industry is one of the sectors that has been hit particularly hard by the coronavirus outbreak. We continue working with Member States to find workable solutions to support companies in these difficult times, in line with EU rules. At the same time, our investigations into past support measures to Alitalia are ongoing and we are in contact with Italy on their plans and compliance with EU rules."

Alitalia is a major network airline operating in Italy. With a fleet of over 95 planes, in 2019 the company served hundreds of destinations all over the world, carrying about 20 million passengers from its main hub in Rome and other Italian airports to various international destinations. Since the start of the coronavirus outbreak, Alitalia has suffered a significant reduction of its services, resulting in high operating losses.

Italy notified to the Commission an aid measure to compensate Alitalia for the damage suffered from 1 March 2020 to 15 June 2020 resulting from the containment measures and travel restrictions introduced by Italy and other destination countries to limit the spread of the coronavirus. The support will take the form of a \leq 199.45 million direct grant, which corresponds to the estimated damage directly caused to the airline in that period.

The Commission assessed the measure under <u>Article 107(2)(b)</u> of the Treaty on the Functioning of the European Union (TFEU), which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or sectors for damage directly caused by exceptional occurrences.

The Commission considers that the coronavirus outbreak qualifies as such an exceptional occurrence, as it is an extraordinary, unforeseeable event having significant economic impact. As a result, exceptional interventions by the Member State to compensate for the damages linked to the outbreak are justified.

The Commission found that the Italian measure will compensate the damage suffered by Alitalia that is directly linked to the coronavirus outbreak. It also found that the measure is proportionate, as the compensation does not exceed what is necessary to make good the damage.

On this basis, the Commission concluded that the Italian damage compensation measure is in line with EU State aid rules.